NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 23, 1998

Cross Timbers Oil Company
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298
Attention: Edwin S. Ryan, Jr.

Administrative Order NSL-4171

Dear Mr. Ryan:

Reference is made to your application dated November 16, 1998 for authorization to drill the Ute Indians "A" Well No. 28 to test both the Undesignated Ute Dome-Dakota Pool and the Morrison formation at an unorthodox gas well location for both intervals 1300 feet from the South line and 2220 feet from the East line (Unit O) of Section 3, Township 31 North, Range 14 West, NMPM, as projected into the unsurveyed Ute Mountain Indian Reservation, San Juan County, New Mexico. The SE/4 of Section 3 is to be dedicated to this well to form a standard 160-acre, more or less, gas spacing and proration unit for both intervals.

It is our understanding that the subject well is to be drilled to a depth sufficient to test down to the Morrison formation; however, the shallower Dakota interval is the primary zone of interest.

This application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geological position within the Dakota formation than a well drilled at a location considered to be standard for this 160-acre, more or less, unit.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox location in both the Undesignated Ute Dome-Dakota Pool and the Morrison formation for the Ute Indians "A" Well No. 28 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
       U. S. Bureau of Land Management - Durango